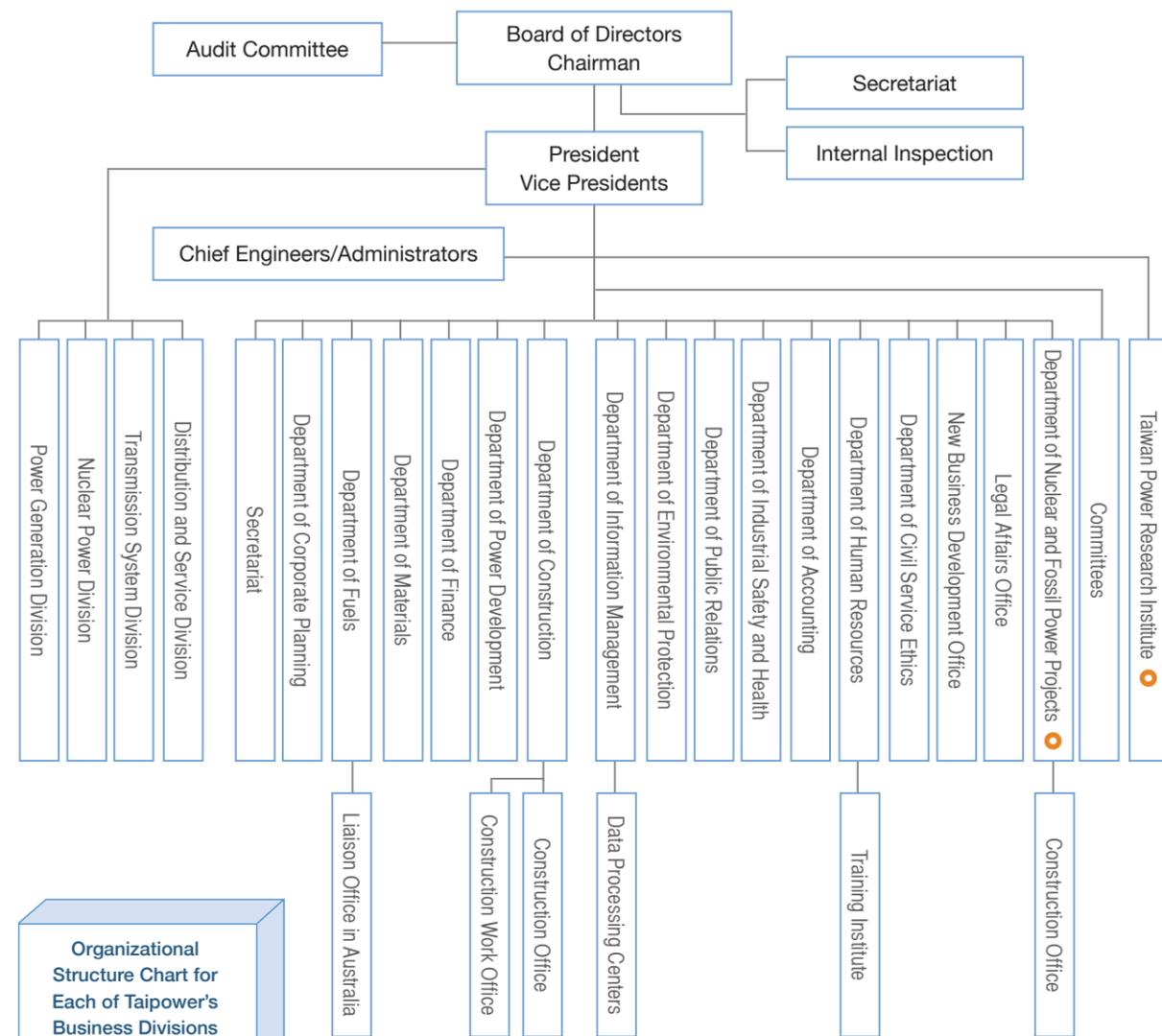


2.1 Taipower's Organizational and Governance Structures

2.1.1 Organizational Structure

Taipower currently has 16 departments and offices along with four business divisions that include the Distribution and Service Division, the Transmission System Division, the Nuclear Power Division, and the Power Generation Division. Taipower has also established various subordinate units and committees to meet its business needs, such as the Taiwan Power Research Institute and the Department of Nuclear and Fossil Power Projects. In response to the latest amendment of the Electricity Act, Taipower is planning to transform into a holding company that consists of two subsidiaries: a Generation Company (Genco) and a Transmission, Distribution and Retail Company (TD&R Co.).

Taiwan Power Company - Organizational Structure Chart



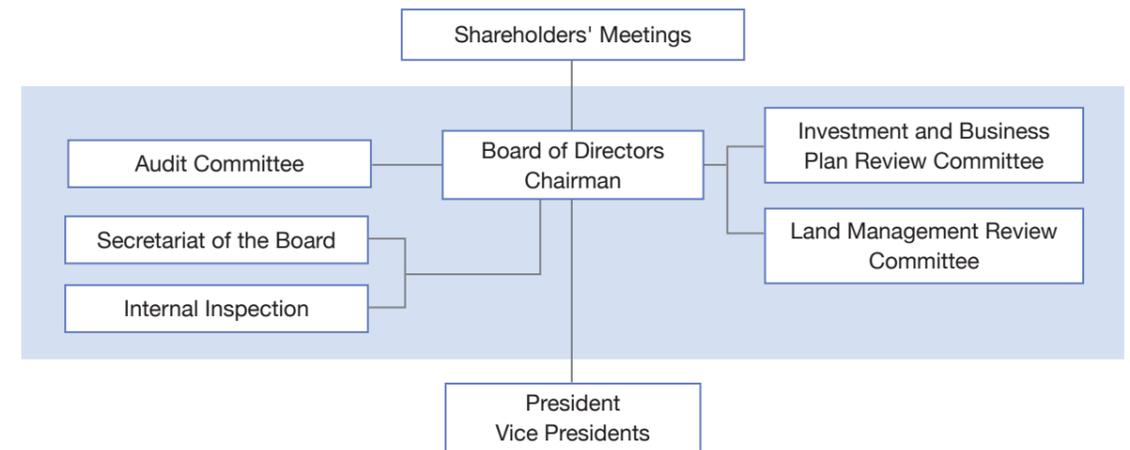
Note: 1. ● Denotes units that are not located at the headquarters.
2. The Taiwan Power Research Institute reports to the President directly.

2.1.2 Board of Directors

The Structure of the Board of Directors

According to Taipower's Articles of Association, the Board of Directors consists of 15 directors that are elected at the shareholders' meeting. In accordance with the provisions of the Securities and Exchange Act, the Board shall reserve three seats for independent directors, who also make up the Audit Committee. The Board of Directors shall elect five managing directors from among the directors, one of whom must be an independent director. The term of service for directors (including independent and managing directors) is two years, and they are eligible for re-election. According to the Administrative Law of State-Owned Enterprises, at least one-fifth of the directors of each state-owned enterprise that represent state capital shall be recommended by the labor union. Thus, Taipower's Board of Directors consists of 15 directors, including five managing directors (one of whom serves as an independent director), three independent directors, and three labor directors.

Board of Directors Organization Structure Chart



Diversity of Board Members

The Directors of Taipower are nominated by the Ministry of Economic Affairs in accordance with the Guidelines for the Management of Directors, Supervisors and Other Important Officers Assigned by the Ministry of Economic Affairs and Subordinate Units to Public and Privately-Held Businesses and Foundations, and are appropriately nominated in accordance with Taipower's operational needs. They shall also be elected at the Shareholder's Meeting. In recent years, the Company has been actively implementing the government's gender equality policy and has increasing the number of female directors. Overall, the professionalism, experience, and gender ratio of Taipower's directors are diversified. The Board members of the current term (June 2019 to June 2021) are as follows:

- 
Professional background: In addition to the basic qualifications of the industry, many new areas of expertise have been added to the board of directors to meet the medium and long-term strategic needs of energy transition. These areas of expertise include smart grids, intelligent technologies, big data, green energy, energy, environmental protection, sustainability, electrical and mechanical engineering, civil engineering, economics, IT, finance and accounting, and law, etc.
- 
Industry and academic experience: The directors include nine representatives from the government, academia, three independent directors, and three directors from the labor union.
- 
Gender: The Company currently has two female directors, an increase of one female director from the previous term. This represents a breakthrough from having only one female director in the past. In the election of the directors in July 2021, the Company has achieved the goal of having no less than one-third of our directors of either gender (5 female directors).

Members of Taipower's Board of Directors in 2020

Information accurate as of December 31, 2020

Title	Name	Concurrent Position
Chairman (Managing Director)	Yang, Wei-Fuu	Chairman of Taipower
President (Managing Director)	Chung, Bin-Li	President of Taipower
Managing Director	Lin, Faa-Jeng	Chair Professor, Department of Electrical Engineering, National Central University
Managing Director	Chang, Tien-Chin	Professor, Institute of Environmental Engineering and Management, National Taipei University of Technology
Managing Director (Independent Director)	Fang, Liang-Jyi	Member of the Atomic Energy Council, Executive Yuan
Director (Independent Director)	Hsu, Jyh-Yih	Professor, Department of Management Information Systems and Department of Applied Economics, National Chung Hsing University
Director (Independent Director)	Liu, Chi-Chun	Professor, Department of Accounting, National Taiwan University
Director	Liu, Pei-Ling	Distinguished Professor, Institute of Applied Mechanics and Director of the Center of Innovation and Synergy for Intelligent Home and Living Technology, National Taiwan University
Director	Lin, Tze-Luen	Associate Professor, Department of Politics, National Taiwan University and Deputy CEO of the Office of Energy and Carbon Reduction, Executive Yuan
Director	Chiang, Ya-Chi	Associate Professor, Graduate Institute of Intellectual Property and Patent Licensing and Technology Transfer Center, National Taipei University of Technology
Director	Cheng, Eng-Two	Head of Division, State-Owned Enterprise Commission
Director	Chuang, Ming-Chih	Head of Planning Division, Bureau of Energy, Ministry of Economic Affairs
Director (Labor Director)	Peng, Chi-Tsung	Inspector, Department of Power Supply, Taipower
Director (Labor Director)	Liao, Chan-Ping	Technical Specialist, Taitung Branch Office, Taipower
Director (Labor Director)	Lu, Te-Sheng	Technical Specialist, Mingtan Power Plant, Taipower

Function and Effectiveness of the Board of Directors

The Board of Directors leads Taipower towards its goal of "transformation into a prominent, trustworthy world-class power utility group." The Board is committed to stakeholder accountability by leading Taipower's operational strategies, supervising management direction and actions, and implementing the spirit of integrity management and sustainable governance. In recent years, Taipower has gradually strengthened the Board of Directors' supervision of environmental, social, and governance (ESG) issues in accordance with the FSC's Corporate Governance Roadmap 3.0. The Company have arranged for the relevant departments to report to the Board of Directors regularly on implementation status, including sustainable development strategies and implementation, ethical management policies and annual work overview, and risk management and strategies. Taipower will continue to follow the policies of the supervisory authorities and relevant regulations of the Ministry of Economic Affairs to strengthen the functions of its Board of Directors in accordance with the Company's business requirements. The operations and effectiveness of the Board of Directors are explained below:

The Board of Directors

As a principle, the Board of Directors holds a regular meeting once a month, and ad hoc meetings are convened when necessary. In 2020, twelve Board meetings were held. The average attendance rate of directors was 96%. The records of the Board meetings are disclosed on both Taipower's intranet and its official website. All decisions resolved at the meetings are recorded and statuses are tracked on a case-by-case basis by respective divisions.

Managing Directors Meetings

Managing directors are required to assemble and exercise their powers as directors in accordance with pertinent regulations, the Articles of Association, shareholders' meeting resolutions, and Board meetings resolutions during recesses of the Board of the Directors. Five Managing Directors Meetings were convened in 2020. The average attendance rate of the managing directors was 100% as they effectively supported the Board of Directors in performing its functions.

Functional Committees

The Audit Committee

Taipower's Audit Committee is solely comprised of independent directors. The committee is responsible for the review, revision and effectiveness of Taipower's internal control systems, acquisition and disposal of assets, major loans, the appointment or dismissal of heads of finance, accounting, internal audit, and financial reporting, among other significant matters. A total of six Audit Committee meetings were convened in 2020. The independent directors actively participated in the operations of the Audit Committee with an average attendance rate of 94%. Pursuant to the Securities and Exchange Act, if the independent directors raise dissenting or qualified opinions at Board meetings, the said opinions shall be duly noted in the meeting minutes, and published on the "Market Observation Post System" (MOPS). There were no dissenting or qualified opinions from the independent directors in 2020.

The Investment and Business Plan Review Committee

The Committee is a functional organization established by Taipower to meet the needs of major investment projects and other business requirements. Prior to the Board meetings, this committee is required to submit preliminary reviews and detailed opinions on important proposals to the Board of Directors. Proposals include the Company's major construction investment projects, operating budget, business operations and management, additions and amendments to important articles of association, and performance evaluations of the investees. A total of eight meetings were held in 2020.

The Land Management Review Committee

The Committee was set up by Taipower for land purchases and sales. Prior to Board meetings, the committee is required to submit preliminary reviews and detailed opinions on important proposals to the Board of Directors. Proposals include the Company's land purchases and sales, exchanges of property rights, joint developments, participation in urban renewals, creation of superficies, feedback on changes in urban planning, land valuations, and land use plans. A total of eight meetings were held in 2020.

Effectiveness of the Shareholders' Meeting

Taipower's Board of Directors convenes a general shareholders' meeting every year in accordance with the Company Act and the Securities and Exchange Act to discuss mandatory motions and to elect directors. Taipower held its Shareholders' Meeting on May 22, 2020. At the meeting, the Company reported to the shareholders, acknowledged and discussed specific matters with participants. The following topics were discussed: the presentation of the 2019 Business Report, the Audit Committee's 2019 Financial Statement and Loss Appropriation Report, the 2018 Closure of Accounts and Loss Appropriation Report that was also reviewed and certified by the National Audit Office, the 2020 Partial Adjustments to Property, the Plant and Equipment Durability Report and the 2019 Corporate Bond Report. The meeting record was disclosed on both the Company's official website and MOPS.

Performance Assessment of the Board of Directors

Taipower established the Taiwan Power Company Board of Directors Performance Assessment Criteria in 2016 to implement corporate governance and increase the effectiveness of the Board of Directors. The assessed entities include the Board of Directors as a whole and as individual directors. The Company also implemented continuous reviews in 2020 and added assessment items to strengthen the assessment indicators for each functional committee.

With regard to the performance assessment of the Board of Directors as a whole, the assessment includes the Board's participation in the operations of the Company, improvement of the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the Directors, and internal controls. At the end of each year, the Company's Board of Directors (including the Audit Committee, the Investment and Business Plan Review Committee, and the Land Management Review Committee) conducts a performance assessment in accordance with the assessment procedures and indicators described above. The results of the performance assessment are reported during the Boarding meeting at the end of March of the following year. The results of the performance assessment of the Board of Directors and functional committees for 2020 were excellent, and they were duly disclosed in the "Corporate Governance/Board of Directors" section on Taipower's official website.

The performance assessments of individual directors are implemented in accordance with related regulations in the Operational Guidelines for the Implementation of the Independent Director System by Subordinate Units under MOEA and the Guidelines for the Management of Directors, Supervisors and Other Important Officers Assigned by the Ministry of Economic Affairs and Subordinate Units to Public and Private-Run Businesses and Foundations. The assessments include the directors' understanding of the Company's targets and missions, knowledge of their duties as directors, participation in the Company's operations, management of internal relations and communications, professionalism and continuous education as directors, and internal controls. Individual directors shall provide a self-assessment in accordance with the procedure at the end of each year and submit results to the Ministry of Economic Affairs as the basis for evaluation and nomination.

Disclosure and Transparency of Corporate Governance Information

Taipower's official website includes a Corporate Governance section. Information on the organization and operation of the Shareholders' Meeting, Board of Directors, Audit Committee and other functional committees is published on the website and included in the annual report for Taipower's Shareholders' Meeting in accordance with laws and regulations. The annual report is also disclosed on the Market Observation Post System. For more information on Taipower's corporate governance results, please scan the QR Code.



Mechanism to Avoid Conflicts of Interest

Pursuant to Taipower's Board of Directors Meeting Bylaws, directors are required to declare any conflicts of interest they may have regarding issues on the agenda for Board meetings. Directors must recuse themselves from participating in and voting on matters in which they have conflicting interests. The recused directors are also not allowed to represent other absent directors in such votes as their proxies. Prior to each Board meeting, reminders of these conflict-of-interest recusal rules are stated in-meeting notifications.

Remuneration Policy

Taipower is a state-owned enterprise, and hence, the standards for remuneration of its directors, including the Chairman, are set by the competent authorities (the Ministry of Economic Affairs) and reported to the Shareholders' Meeting in the absence of a Remuneration Committee. Apart from monthly compensation, independent directors may not collect earnings distributions, year-end bonuses, or other forms of compensation. As directors designated by the labor union fall under the category of Taipower employees, their compensation is determined in accordance with the Basic Principles of Employee Compensation Authorization for State-Owned Businesses and the Management Guidelines Governing Remuneration for Employees of Subordinate Units under MOEA. They may not collect the same remuneration as other directors. In 2020, the remuneration for Taipower directors (including the chairman, independent directors, and labor directors) constituted 0.0712% of the Company's net income after tax.



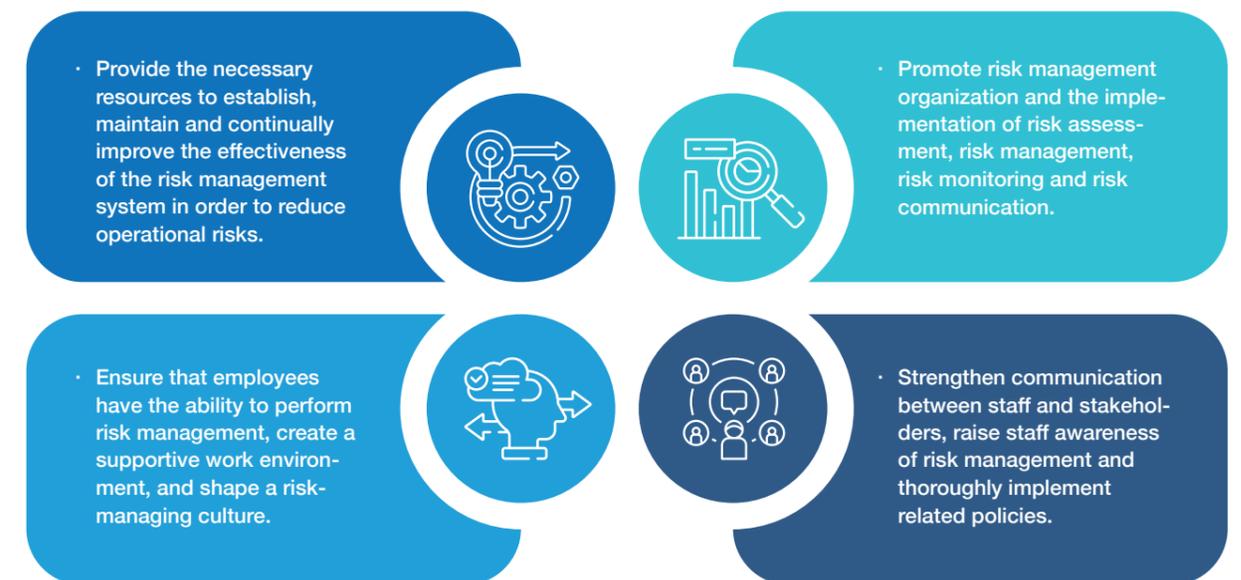
2.2 Risk Management Mechanisms and Control Measures

2.2.1 Risk Management

Corporate management inevitably involves both the impact of external risks and potential opportunities for development. Taipower constantly reflects on its business and makes improvements to effectively identify potential external risk factors while searching for opportunities for development and creating effective guidelines for response. Regarding the Paris Agreement, the implementation of Taiwan's Nuclear Free Homeland Policy, amendments to the Electricity Act, referendums in 2021 on reactivating the Longmen Nuclear Power Plant and algal reef protection, and other international and domestic sustainable development trends, Taipower has identified, ranked, and responded to potential internal and external risks with a sound risk management system and has begun to identify and seize potential opportunities as a new turning point for the sustainable development of Taipower.

Risk Management Policies

Taipower has established four risk management policies as guidelines for organizational risk management. They are as follows:



Risk Management Structure

Under Taipower's risk management structure, the Chairman acts as a supervisor, and the President acts as a committee director and the Risk Management Commission operates as a task force. The Commission is composed of the CEOs from the four major divisions (Power Generation, Nuclear Power, Transmission System, and Distribution & Service) and VPs and Chief Engineers/Administrators from the four major systems (Strategic Administration, Financial Resources, and Construction & Engineering, and Digital Development). The Chief Engineers/Administrators are also members of the commission. The Commission operates through subordinate risk management promotion teams, which are comprised of first-tier units that are responsible for the identification of potential risks and the establishment of risk management policies and corresponding responses. Scan the QR code for the risk management organization structure.

